

PUBLIC DISCLOSURE

MAY 13, 2005

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

MEETINGHOUSE COOPERATIVE BANK

2250 DORCHESTER AVENUE
BOSTON, MA 02124

DIVISION OF BANKS
ONE SOUTH STATION
BOSTON, MA 02110

<p>NOTE: This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion or opinion of the Division of Banks concerning the safety and soundness of this financial institution.</p>
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GENERAL INFORMATION

The Community Reinvestment Act ("CRA") requires the Massachusetts Division of Banks ("Division") to use its authority when examining financial institutions subject to its supervision, to assess the institution's record of meeting the needs of its entire assessment area, including low and moderate-income neighborhoods, consistent with safe and sound operation of the institution. Upon conclusion of such examination, the Division must prepare a written evaluation of the institution's record of meeting the credit needs of its community.

This document is an evaluation of the CRA performance of **Meetinghouse Co-operative Bank (or the "Bank")** prepared by the Division, the institution's supervisory agency.

INSTITUTION'S CRA RATING: This institution is rated "Satisfactory"

With only 40.4 percent of the total number and 35.9 percent of the total dollar volume of all loans originated during the years 2003 and 2004 within its assessment area, the Bank fails to meet the requirements for satisfactory performance under this assessment criterion. While the assignment of a higher rating would be inappropriate under current CRA regulations, the Bank's performance under this assessment criterion is mitigated to a large extent by the Bank's small size, limited staff, and competitive environment in which it operates.

The Bank's performance record with respect to lending to borrowers with different incomes is sufficient to meet the standards for satisfactory performance. Lending activity among low- and moderate-income borrowers, at 6.5 and 19.3 percent of the number, respectively, shows both a level and trend that is consistent with Home Mortgage Disclosure Act ("HMDA")-reporting lenders.

While the numbers of originations are low, the percentage of originations in low- and moderate-income geographies shows adequate penetration and distribution of loan originations to those areas.

A comparative analysis of Meetinghouse Co-operative Bank's quarterly net loan-to-deposit ratios for the period of June 30, 2003 through March 31, 2005, was conducted during this examination and determined the average net loan-to-deposit ratio for this period to be 76.7 percent. Meetinghouse Co-operative Bank's net loan-to-deposit ratio is considered to meet the standards for satisfactory performance.

Meetinghouse Co-operative Bank has not received any complaints related to its CRA performance since the previous examination. The Bank's practices appear to conform to adequate fair lending standards and its minority application flow appears reasonable.

PERFORMANCE CONTEXT

Description of Institution

Meetinghouse Co-operative Bank is a mutual thrift institution, with its sole office located at 2250 Dorchester Avenue in the Dorchester Lower Mills section of the City of Boston, about one fourth of a mile north of the Milton town line. The Bank was chartered by the Commonwealth of Massachusetts in 1914 for the purpose of providing credit and financial services to working class residents of its assessment area.

As of March 31, 2005, the Bank had assets of \$45,948,000, of which approximately 70.2% or \$32,252,000 is in the form of loans. The loan portfolio is comprised of residential mortgages, multi-family loans, commercial real estate loans, and other consumer loans. The majority of the Bank's loan portfolio (63%) consists of residential 1-4 family mortgages.

Refer to the following table for additional information on the breakdown of loans as of March 31, 2005.

LOAN TYPE	AMOUNT 000's	PERCENT
1-to-4 Family Residential	\$ 20,568	63.0
Lines of Credit	\$ 3,018	9.2
Commercial Real Estate	\$ 5,247	16.1
Consumer	\$ 142	0.4
Construction & Development	\$ 1,862	5.7
Multifamily	\$ 1,808	5.6
GROSS LOANS	\$ 32,645	100.0

Source: March 31, 2005 Call Report

Meetinghouse Co-operative Bank operates one full service office. The Bank's business hours are from 8:30am to 3:30pm Monday through Wednesday and from 8:30am to 6:00pm on Thursdays and Fridays. The Bank is not open on Saturdays. A drive-up window is available for convenience. Automated Teller Machine ("ATM") services are provided through the SUM Network. However, the Bank's ATM machine is located inside the lobby and is only accessible during normal business hours.

The Bank offers a variety of deposit products including NOW accounts, no-fee checking accounts, certificates of deposit, passbook savings accounts, and club accounts. Credit services include residential mortgages in both fixed- and adjustable-rate varieties with terms up to 30 years and down payments as low as 5.0 percent with private mortgage insurance.

The Bank was last examined for compliance with CRA on April 17, 2002, by the Federal Deposit Insurance Corporation ("FDIC"). That examination resulted in an overall CRA rating of Satisfactory. The last Division CRA examination was conducted as of January 10, 2000, and also resulted in a Satisfactory overall rating.

PERFORMANCE CONTEXT (CONTINUED)

Description of Assessment Area

Overview

It is required by CRA that financial institutions designate one or more assessment area(s) where its record of helping to meet the needs of the community is evaluated.

Meetinghouse Co-operative Bank's assessment area includes specific neighborhoods within the City of Boston, which include sections of Dorchester and Mattapan, as well as the Town of Milton and sections of the City of Quincy, all of which are located in the Boston MA-NH Metropolitan Statistical Area ("MSA") as defined under the 1990 census and the Boston-Quincy MSA as defined under the 200 census.

Meetinghouse Co-operative Bank's assessment area, as currently defined, meets the technical requirements of the CRA, as it (1) consists of one or more political subdivisions, (2) includes the geographies where the Bank has its main office, branches and deposit-taking ATM's, as well as the surrounding geographies in which the institution originates a substantial portion of its loans, (3) consists of whole census tracts, (4) does not extend substantially beyond state boundaries, (5) does not reflect illegal discrimination, and (6) does not arbitrarily exclude low- and moderate-income areas.

As defined by the 1990 and 2000 U.S. Census, the cities and towns that made up the assessment area were comprised of 25 census tracts. In terms of income classification under the 1990 census, there were 3 low-income, 9 moderate-income, 9 middle-income, and 4 upper-income census tracts. Low-income census tracts accounted for 12 percent of the number of tracts in the assessment area while moderate-income census tracts accounted for 36 percent of the total number of census tracts in the assessment area. The 1990 U.S. Census data states that approximately 42.4 percent of the assessment area's total population resided within these low- and moderate-income tracts.

The number of census tracts within Meetinghouse Co-operative Bank's assessment area remained the same, 25, as a result of the 2000 census. The demographic data of the assessment area, according to the 2000 U.S. Census, shows a slight shift in terms of income classification of the census tracts. There is only one low-income tract as compared to the 3 under the 1990 data, whereby the moderate-and middle-income tracts both increased by one to 10 each, and upper-income census tracts remained at four. The shifting of income data for under the 2000 census resulted in a decrease in the percentage of population residing in low- and moderate-income tracts, down to approximately 39.1 percent from the 1990 levels of 42.4 percent. Additionally, low- and moderate-income tracts now represent 44 percent of the total number of tracts within the assessment area as opposed to 48 percent under the 1990 figures.

PERFORMANCE CONTEXT (CONTINUED)

According to the 1990 U.S. Census data, the assessment area's weighted average of median family income was \$59,320, with Department of Housing and Urban Development ("HUD") adjustments for 2003 raising it to \$80,800. According to the 2000 Census data, median family income is \$59,320, with HUD adjustments for 2004 in the new Boston-Quincy MSA reflecting the weighted average to be \$75,300.

Evaluation of data for calendar years 2003 was based upon 1990 census information. Calendar year 2004 performance data was based on 2000 census information.

Competition for all lending activity is extremely high within the assessment area. Large national mortgage companies and banks dominate in the residential lending field which makes it very difficult for institutions to be achieving a major ranking in its own area.

PERFORMANCE CRITERIA

1. LOAN TO DEPOSIT ANALYSIS

A comparative analysis of Meetinghouse Co-operative Bank's quarterly net loan-to-deposit ratios for the period of June 30, 2003 through March 31, 2005, was conducted during this examination. Using the Bank's quarterly Call Reports, the average net loan-to-deposit ratio for this period is 76.7 percent. This ratio is based on total loans net of unearned income and net of the allowance for loan and lease losses (ALLL) as a percentage of total deposits.

The net loan to deposit ratio stands at 83.2 percent as of March 31, 2005. An analysis of the dollar amount for the Bank's loans and deposits as of March 31, 2005 was compared to that of June 30, 2003. This analysis revealed that loans have increased significantly, 45.1 percent, from \$22.2 million to \$32.3 million. Deposits have increased by 17.9 percent for the same period. Loan growth has significantly outpaced deposit growth resulting in a continuous upward trend of the net loan-to-deposit ratio from 67.5 percent on June 30, 2003 to the current level of 83.2 percent as of March 31, 2005.

Meetinghouse Co-operative Bank's average net loan-to-deposit ratio was compared to the ratios of two other area institutions. The ratios used for both Meetinghouse Co-operative Bank and the other institutions were as of March 31, 2005. Refer to the following table.

INSTITUTION	NET LOAN TO DEPOSIT RATIO
Meetinghouse Cooperative Bank	83.2%
Roxbury Highland Cooperative	73.2%
Chelsea Provident Cooperative	84.5%

Meetinghouse Co-operative Bank is at or higher than similarly sized area institutions.

Meetinghouse Co-operative Bank sells loans on the secondary market throughout the year, which enables the Bank to recycle funds and extend additional credit. The Bank retains the servicing rights for most loans sold. In 2003, the Bank sold 55 loans totaling \$10,808,670. During 2004, the Bank sold 18 loans for a total of \$3,806,719. The Bank maintains an adequate net loan-to-deposit ratio. Based on all the above information, Meetinghouse Co-operative Bank's net loan-to-deposit ratio is considered to meet the standards for satisfactory performance.

2. COMPARISON OF CREDIT EXTENDED INSIDE AND OUTSIDE OF THE ASSESSMENT AREA(S)

With only 40.4 percent of the total number and 35.9 percent of the total dollar volume of all loans originated during the years 2003 and 2004 within its assessment area, the bank fails to meet the requirements for satisfactory performance under the second assessment criterion.

PERFORMANCE CRITERIA (CONTINUED)

While the assignment of a higher rating would be inappropriate under current CRA regulations, the Bank's performance under this assessment criterion is mitigated to a large extent by the Bank's small size, limited staff, and competitive environment in which it operates.

Distribution of HMDA Loans Inside and Outside of the Assessment Area										
Year	Number of Loans					Dollars in Loans (000s)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
2003	46	40.4	68	59.6	114	8,909	35.9	15,914	64.1	24,823
2004	16	35.6	29	64.4	45	3,858	30.6	8,735	69.4	12,593
Total	62	39.0	97	61.0	159	12,767	34.1	24,649	65.9	37,416

Source: HMDA LAR, PCI Services, Inc., CRA Wiz (2003-2004)

3. LENDING TO BORROWERS OF DIFFERENT INCOMES

An analysis of residential mortgage loans extended within the Bank's assessment area among borrowers of various income levels was conducted. Originations were categorized by the ratio of the applicant's reported incomes to the 2003 and 2004 estimated median family incomes of the Boston MSA. The median family incomes for the Boston MSA were \$80,800 for 2003 and \$79,100 for 2004. Income figures were based on estimated 2003 and 2004 data from HUD.

Low income is defined by the US Census Bureau as income below 50 percent of the median family income level for the MSA; moderate income is defined as 50 to 79 percent of the median family income; middle income is defined as income between 80 and 119 percent of the median family income; and upper income is defined as income greater than 120 percent of the median family income.

The Bank's performance record with respect to lending to borrowers with different incomes is sufficient to meet the standards for satisfactory performance. Lending activity among low- and moderate-income borrowers, at 6.5 and 19.3 percent, respectively, of the number shows both a level and trend that is consistent with HMDA-reporting lenders. The Bank had made no loans to low-income borrowers in 2004. However, the sophistication of the lending programs required to meet the specialized credit needs of low-income home buyers makes it difficult for the Bank to compete resulting in lower performance levels than the aggregate.

PERFORMANCE CRITERIA (CONTINUED)

Refer to the following table:

Refer to the following table:

Distribution of HMDA Loans by Borrower Income								
Median Family Income Level	% Families	Aggregate Lending Data (% of #)	2003		2004		Total	
			2003	#	%	#	%	#
Low	11.52	6.5	4	8.7	0	0.0	4	6.5
Moderate	27.24	22.3	10	21.7	2	12.5	12	19.3
Middle	42.67	27.2	16	34.8	8	50.0	24	38.7
Upper	18.57	28.9	15	32.6	6	37.5	21	33.9
N/A	0.0	15.1	1	2.2	0	0.0	1	1.6
Total	100.0	100.0	46	100.0	16	100.0	62	100.0

Source: U.S. Census, HMDA LAR, HMDA Aggregate Data

4. GEOGRAPHIC DISTRIBUTION OF LOANS

The data in the table below was compiled from the Bank's internal records and show the distribution of residential mortgage loan originations within the Bank's assessment area according to the income characteristics of the census tract in which they are located. Also shown in the tables is the lending activity of HMDA-reporting lenders who made loans in the same geographic area during calendar year 2003, the most recent year for which such data is available. The table is based on the number of loans originated.

The Bank's performance under this assessment criterion is sufficient to meet the standards for satisfactory performance.

Distribution of HMDA Loans by Income Category of the Census Tract								
Census Tract Income Level	% Total Owner- Occupied Housing Units	Aggregate Lending Data (% of #)	2003		2004		Total	
			2003	#	%	#	%	#
Low	6.1	7.6	4	8.7	0	0.0	4	6.5
Moderate	22.3	23.6	15	32.6	5	31.3	20	32.3
Middle	41.7	37.2	18	39.1	9	56.2	27	43.5
Upper	29.9	31.6	9	19.6	2	12.5	11	17.7
Total	100.0	100.0	46	100.0	16	100.0	62	100.0

Source: U.S. Census, HMDA LAR, HMDA Aggregate Data

While the number of originations is low, the percentage of originations in low- and moderate-income geographies shows adequate penetration and distribution of loan originations to those areas.

PERFORMANCE CRITERIA (CONTINUED)

5. REVIEW OF COMPLAINTS/ FAIR LENDING POLICIES AND PRACTICES

Meetinghouse Co-operative Bank has not received any complaints related to its CRA performance since the previous examination.

Meetinghouse Co-operative Bank's fair lending information was reviewed to determine how it related to the guidelines established by Regulatory Bulletin 2.3-101, the Division's Community Reinvestment and Fair Lending Policy.

The Bank maintains a fair lending policy aimed at preventing illegal discrimination and that adequately addresses the Division's Regulatory Bulletin 2.3-101 and other aspects of fair lending. Through a review of the files it appears that the Bank follows its procedures set forth in the loan policy.

The Bank provides employees with training on a variety of fair lending and diversity issues. Meetinghouse Co-operative Bank's marketing efforts are done primarily through local newspaper advertisements and mailings that reach the entire assessment area. In addition, members of the Bank are actively involved in the community and use their numerous contacts to help determine the credit needs of the assessment area.

The Bank offers different types of flexible products that are effective in providing credit to those who would not qualify under conventional lending standards.

Meetinghouse Co-operative Bank has a second review system in place for all credit applications that are not approved. Before an applicant is denied, a second lending officer must review the application and if they concur, the loan will not be made. At this point the application, supporting documentation is forwarded to the Bank's President for final concurrence.

The Bank has an internal control procedure in which the compliance officer checks for compliance with various fair lending laws such as the Equal Credit Opportunity Act, HMDA and the CRA.

Meetinghouse Co-operative Bank refers all loan customers whose home loan is delinquent to the appropriate credit counseling services available in the area. A form containing the names, addresses and phone numbers of various counseling agencies is mailed to the borrower.

Minority Application Flow

A review of residential loan applications was conducted in order to determine the number of applications the Bank received from minorities. In 2003 and 2004 the Bank received 71 residential loan applications from within its assessment area. During this period, 13 applications, or 18.3 percent, were received from minorities. Refer to the following table for further details.

PERFORMANCE CRITERIA (CONTINUED)

MINORITY APPLICATION FLOW*								
RACE	RACIAL MAKEUP OF ASSESSMENT AREA 2000 CENSUS DATA		BANK 2003		BANK 2004		BANK TOTAL	
	#	%	#	%	#	%	#	%
Native American	276	0.2	0	0.0	0	0.0	0	0.0
Asian	11,917	9.2	0	0.0	1	5.3	1	
Black	41,118	31.6	10	19.2	1	5.3	11	
Hispanic	6,402	4.9	1	1.9	0	0.0	1	
Joint Race	N/A	0.0	0	0.0	0	0.0	0	0.0
Other	4,391	3.4	0	0.0	0	0.0	0	0.0
Total Minority	64,104	49.3	11	21.1	2	10.6	13	18.3
White	65,912	50.7	41	78.9	17	89.4	58	81.7
NA	N/A	0.0	0	0.0	0	0.0	0	0.0
Total	130,016	100.0	52	100.0	19	100.0	71	100.0

*Source: PCI Services, Inc., CRA Wiz Software.

The Bank's minority application flow for this period was compared with the racial make-up of the assessment area within the assessment area. The comparison of this data assists in deriving reasonable expectations for the institution's minority application flow. According to 2000 Census Data, the Bank's assessment area contained a total population of 130,016 individuals of which 49.3 percent are minorities, compared to the Bank's minority application level of 18.3 percent over the time period covered. Aggregate lending information for 2003 was available and reviewed for informational purposes only. Data for 2003 indicated that, of the 19,992 HMDA-reportable applications received within the assessment area in 2003, 29.5 percent were from minorities, compared to the Bank's 2003 data with 21.1 percent to minorities. It would appear that the Bank's level of applications from minorities is significantly lower than the racial makeup of the assessment area, as well as somewhat lower than the aggregate lending performance level. However, due to the low volume of applications, and strong level of competition, minority application levels appear reasonable.

VI. Loss of Affordable Housing

The Bank's originations to low- and moderate-income borrowers and lending in low- and moderate-income geographies have assisted low and moderate-income individuals to remain in their neighborhoods.

PERFORMANCE EVALUATION DISCLOSURE GUIDE

Massachusetts General Laws Chapter 167, Section 14, as amended, and the Uniform Interagency Community Reinvestment Act (CRA) Guidelines for Disclosure of Written Evaluations require all financial institutions to take the following actions within 30 business days of receipt of the CRA evaluation of their institution:

- 1) Make its most current CRA performance evaluation available to the public;
- 2) At a minimum, place the evaluation in the institution's CRA public file located at the head office and at a designated office in each assessment area;
- 3) Add the following language to the institution's required CRA public notice that is posted in each depository facility:

"You may obtain the public section of our most recent CRA Performance Evaluation, which was prepared by the Massachusetts Division of Banks, at (2250 Dorchester Avenue, Boston, MA 02124)."

[Please Note: If the institution has more than one local community, each office (other than off-premises electronic deposit facilities) in that community shall also include the address of the designated office for that assessment area.]

- 4) Provide a copy of its current evaluation to the public, upon request. In connection with this, the institution is authorized to charge a fee which does not exceed the cost of reproduction and mailing (if applicable).

The format and content of the institution's evaluation, as prepared by its supervisory agency, may not be altered or abridged in any manner. The institution is encouraged to include its response to the evaluation in its CRA public file.